

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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O R 051252Z MAR 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC NIACT IMMEDIATE 2426
INFO AMEMBASSY AMMAN
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY TEL AVIV

S E C R E T SECTION 1 OF 2 CAIRO 3870

EXDIS

E.O. 11652: GDS
TAGS: PFOR US IS XF
SUBJECT: NORMALIZATION OF ARAB-ISRAEL RELATIONS IN A SETTLEMENT
CONTEXT

REF: STATE 46389

1. IN OUR JUDGEMENT, DEGREE TO WHICH ARABS MAY BE WILLING TO
MOVE BEYOND TERMINATION OF STATE OF BELLIGERENCY AND INTO
FULL NORMALIZATION OF RELATIONS WILL DEPEND LARGELY UPON WHAT
THE TERRITORIAL COMPONENT OF A SETTLEMENT LOOKS LIKE. IF
ISRAEL WITHDREWS TO 1967 BORDERS, WITH ONLY MINOR RECTI-
FICATIONS IN WEST BANK AREA, ARABS--LED BY EGYPT--MIGHT SHOW
MORE FLEXIBILITY. IF ONE OR MORE LOSES LARGE CHUNKS OF TERRI-
TORY, IN NAME OF DEFENSIBLE BORDERS FOR ISRAEL, PROSPECTS
FOR PEACE AGREEMENT, LET ALONE FULL NORMALIZATION RELATIONS,
ARE APPRECIABLY DIMMED. FOLLOWING COMMENTS BASED ON ASSUMP-
TION THAT TERRITORIAL COMPONENT OF A PEACE SETTLEMENT WILL
BE A RETURN TO 1967 BORDERS, WITH ONLY MINOR RECTIFICATIONS
AND THEREFORE BE GENUINELY SATISFACTORY TO ARABS.

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2. THERE ARE FOUR MAJOR ASPECTS OF FULL NORMALIZATION THAT
MUST BE CONSIDERED: TRADE, COMMUNICATIONS, FREE PASSAGE OF
PEOPLE AND DIPLOMATIC EXCHANGES. IN GENERAL, WE TEND TO BEL-
IEVE THAT THE "PEACE AGREEMENT" ABOUT WHICH SADAT AND
OTHER ARAB LEADERS SPEAK WOULD CONTAIN SPECIFIC LANGUAGE
ELIMINATING ARAB BOYCOTT, WHICH MEANS IN EFFECT THERE IS NO
FURTHER LEGAL BARRIER TO TRADE. IN THAT EVENT, WE WOULD EX-

PECT ENTERPRISING BUSINESSMENT ON BOTH SIDES SOONER OR LATER (AND PROBABLY SOONER) TO BEGIN TO TRADE. WE SHOULD SEE TO IT THAT LANGUAGE IN PEACE AGREEMENT IS SUFFICIENTLY SPECIFIC TO END PRIMARY BOYCOTT. COMMUNICATIONS SHOULD BE POSSIBLE. FREE PASSAGE OF PEOPLE WILL HAVE TO BE HANDLED A BIT MORE GINGERLY, SINCE SIGNING OF PEACE AGREEMENT WILL NOT OVERNIGHT BRING WITH IT DISAPPEARANCE OF EMOTIONAL HATRED WHICH THIRTY YEARS OF CONFLICT HAVE BRED ON BOTH SIDES. FORMAL DIPLOMATIC RELATIONS WILL, IN OUR JUDGEMENT, HAVE TO COME LAST, THOUGH SOME PREPARATORY STEP MIGHT BE TAKEN CONCURRENT WITH PEACE AGREEMENT. SOME THOUGHTS ON EACH OF THESE THREE MAJOR ASPECTS ARE SET FORTH BELOW:

3. TRADE AND ECONOMIC RELATIONS: THIS MIGHT BE HANDLED IN SEVERAL STAGES AS FOLLOWS:

A. FIRST STAGE

(1) FORMAL ELIMINATION OF SECONDARY BOYCOTT, PROVIDED ISRAELI WITHDRAWAL PROCEEDS ON SCHEDULE.

(2) FORMAL ELIMINATION OF PRIMARY BOYCOTT ONCE ISRAEL HAS WITHDRAWN TO AGREED UPON BOUNDARIES. DRAWING UPON EXISTING WEST BANK/GAZA/ISRAELI TRADE LINK FORMAT, SIMILAR INSTITUTIONALIZATION OF TRADE EXCHANGES BETWEEN EGYPT AND ISRAEL AND SYRIA AND ISRAEL COULD BE DEVELOPED.

(3) REVIVAL OF JOHNSTON PLAN FOR DIVISION OF JORDAN WATERS.

B. SECOND STAGE (TIMING DEPENDENT UPON HOW INITIAL STAGE WORKS)

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(1) IN ADDITION PASSAGE OF ISRAELI FLAG VESSELS THROUGH CANAL, GOE SHOULD AUTHORIZE USE OF SUEZ CANAL PORT FACILITIES BY ISRAELI FLAG VESSELS.

(2) ISRAELI ACCESS TO SUMED PIPELINE FOR OIL IMPORTS.

(3) DIRECT SALE OF POL PRODUCTS BY ARAB STATES TO ISRAEL.

4. COMMUNICATIONS

A. FIRST STAGE

(1) AT SOME POINT WHEN WHAT WE ASSUME WILL BE PHASED ISRAELI WITHDRAWAL TO FINAL BORDERS IS WELL AND SUCCESSFULLY UNDERWAY, THE ARAB STATES--AND ESPECIALLY EGYPT--SHOULD BE ASKED TO AGREE THAT SHIPS OF THIRD COUNTRIES BE PERMITTED TO GO TO AND FROM ARAB STATES AND ISRAEL FOR CARGO AND PASSANGERS. PASSENGER SHIPS SHOULD BE PERMITTED TO EMBARK AND DISEMBARK THIRD COUNTRY NATIONALS IN EGYPTIAN AND OTHER ARAB PORTS.

(2) CONCURRENTLY AIRLINES OF THIRD COUNTRIES WOULD BE PER-

MITTED TO GO TO AND FROM ARAB STATES AND ISRAEL.

(3) THIRD COUNTRY REGISTERED CARS SHOULD BE PERMITTED TO TRAVEL FROM ARAB COUNTRIES TO ISRAEL. (NOTE: THESE ARRANGEMENTS CAN BE WORKED OUT IN SIDE AGREEMENTS.)

B. SECOND STAGE

(1) JOINT EGYPTIAN-ISRAELI RECONSTRUCTION OF QANTARA-HAIFA RAILROAD. (THIS COULD BE PUT IN A SIDE AGREEMENT WITH COMMENCEMENT BEGINNING UPON COMPLETION OF ISRAELI WITHDRAWAL FROM OCCUPIED TERRITORIES.)

(2) NEGOTIATION OF STANDARD CIVIL AIR AGREEMENTS BETWEEN EGYPT AND ISRAEL TO PERMIT DIRECT AIR TRAVEL BY NATIONAL AIRLINES.

5. EXCHANGE OF PERSONS

A. FIRST STAGE

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(1) EXPLICIT RECOGNITION OF MOVEMENT OF GAZA/WEST BANK UNSKILLED LABOR INTO ISRAEL THROUGH NEGOTIATION OF AGREEMENT, PERHAPS SIMILAR TO THOSE EXISTING BETWEEN FRANCE AND MAGHREB COUNTRIES.

(2) REMOVAL OF IMPEDIMENTS FOR FAMILY VISITS BETWEEN ISRAEL AND ARAB STATES, PARTICULARLY ISRAELI GUARANTEES THAT NATIONALS OF ARAB ORIGIN WILL BE PERMITTED TO RETURN TO ISRAEL.

(3) ARAB STATES AGREE PLACE VISAS IN PASSPORTS CONTAINING ISRAELI STAMPS.

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B. SECOND STAGE

(1) VISIT OF ISRAELI TOURISTS TO ARAB COUNTRIES, INITIALLY
IN ORGANIZED MULTI-NATIONAL GROUPS AND VICE VERSA. THIS
WOULD ALSO REQUIRE RECOGNITION OF RESPECTIVE COUNTRY'S PPTS.

(2) CULTURAL EXHIBITS ON NON-POLITICAL AND TECHNICAL SUB-
JECTS ABOUT EACH OTHER'S COUNTRIES HELD IN RESPECTIVE IN-
TERESTS SECTIONS (SEE BELOW)

(3) EXCHANGE OF LECTURERS, SEMINARS AND EXHIBITS OF NON-
POLITICAL NATURE IN INTERESTS SECTIONS WITH ISRAELI AND ARAB
PARTICIPANTS. (NOTE: ALL THESE EXCHANGES WILL HAVE TO BE
CAREFULLY HANDLED, SINCE THERE WILL UNQUESTIONABLY BE
SECURITY PROBLEMS INVOLVED ON BOTH SIDES.)

6. DIPLOMATIC RELATIONS

A. FIRST STAGE

(1) ESTABLISHMENT OF AN ARAB INTERESTS SECTION (REPRESENTING
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THOSE STATES THAT ARE PARTY TO THE AGREEMENT) IN THE
EMBASSY OF A NEUTRAL COUNTRY IN TEL AVIV AND THE ESTABLISH-
MENT OF ISRAELI INTERESTS SECTIONS IN EMBASSIES OF THEIR
CHOOSING IN CAPITALS OF ARAB STATES THAT ARE PARTIES TO
THE AGREEMENT. THE INTERESTS SECTIONS WOULD BE MANNED IN THE
FIRST STAGE BY NATIONALS OF THE THIRD COUNTRIES CHOSEN.
(TYPES OF ACTIVITY THAT WOULD JUSTIFY POLITICALLY THE ESTAB-
LISHMENT OF INTERESTS SECTIONS FOR THE ARABS HAVE BEEN OUT-
LINED ABOVE.)

(2) ESTABLISHMENT OF JOINT COMMISSIONS WITH EACH OF THE CON-
FRONTATION STATES TO MEET ON BORDERS AND DEAL WITH BILAT-
ERAL PROBLEMS IN ORDER TO PROMOTE DIRECT RELATIONS AND
ASSURE THAT INTERESTS SECTIONS MANNED BY THIRD COUNTRY
NATIONALS DO NOT IMPEDE DEVELOPMENT OF DIRECT CONTACTS.

(3) ESTABLISHMENT OF A HOT LINE BETWEEN THE CAPITALS OF
THE ARAB CONFRONTATION STATES AND TEL AVIV OR JERUSALEM FOR
USE IN TIMES OF CRISIS.

B. SECOND STAGE

(1) ASSIGNMENT OF ISRAELI AND ARAB OFFICERS TO RESPECTIVE INTERESTS SECTIONS.

(2) ESTABLISHMENT OF DIRECT TELEGRAPHIC COMMUNICATIONS AND USE OF DIP POUCHES BY RESPECTIVE INTERESTS SECTIONS DIRECTLY WITH THEIR CAPITALS. (THESE TWO STEPS WILL PROBABLY HAVE TO WAIT UNTIL COMPLETION OF ISRAELI WITHDRAWAL.)

(3) REPLACEMENT OF MILITARY OFFICERS WITH CIVILIAN OFFICIALS IN JOINT COMMISSIONS AND TRANSFER OF THESE JOINT COMMISSIONS TO RESPECTIVE INTERESTS SECTIONS AT SUCH MEASURES AS LATTER ARE STAFFED BY ARABS AND ISRAELIS.

C. THIRD STAGE

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ESTABLISHMENT OF FULL DIPLOMATIC RELATIONS

7. HOW TO IMPROVE THE ATMOSPHERE DURING NEGOTIATIONS RE
PARA 3 REFTEL, THERE ARE MANY THINGS THAT THE ARABS
COULD DO OR STOP DURING THE CURRENT PERIOD TO IMPROVE THE
ATMOSPHERE, BUT THEIR WILLINGNESS TO DO SO WILL DEPEND UPON
ISRAELI ACTIONS. FOR EXAMPLE, SINCE SINAI II, EGYPT HAS IN
FACT TONED DOWN ITS ANTI-ISRAELI PROPAGANDA, EVEN THOUGH
THE ISRAELIS ARGUE IT IS NOT ENOUGH. EGYPT HAS, HOWEVER,
CONTINUED TO ENGAGE IN ACTIVITIES IN INTERNATIONAL FORA TO
PROTECT WHAT IT CONSIDERS TO BE ITS OWN INTERESTS AGAINST
ISRAELI POLICIES AIMED AT CREATING A FAIT ACCOMPLI IN THE
AREA. THUS, ISRAELI SETTLEMENTS POLICY IS LIKE WAVING A RED
FLAG BEFORE EGYPT AND THE OTHER CONFRONTATION STATES. SO
IS ISRAELI HARASSMENT OF EGYPTIAN OIL DRILLING OPERATIONS
IN GULF OF SUEZ. SO LONG AS THOSE POLICIES CONTINUE, EGYPT
AND THE OTHER ARABS WILL RESPOND IN ANY WAY THEY CAN.
EGYPT HAS SUCCEEDED IN OBTAINING MANY FAVORABLE INTERNATIONAL
UNGA RESOLUTIONS AND TO A LARGE EXTENT ISOLATING ISRAEL
DIPLOMATICALLY. IT DID AGREE IN THE CONTEXT OF SINAI II TO
TONE DOWN ITS EFFORTS WITH THE AFRICAN STATES ON THE
MATTER OF THEIR RESUMING RELATIONS WITH ISRAEL. AT THE SAME
TIME IT AS FOUGHT HARD TO PREVENT SPANISH DIPLOMATIC
REPRESENTATION IN ISRAEL. GOE CONSIDERS THIS AS ONE OF THE
FEW CARDS IT HAS TO FIGHT ISRAELI EFFORTS TO CHANGE THE
DEMOGRAPHIC PICTURE IN THE OCCUPIED AREAS. IF ISRAEL WOULD
FREEZE SITUATION IN OCCUPIED TERRITORIES AND GULF OF SUEZ
OIL DRILLING PROBLEM COULD BE RESOLVED WE WOULD STAND GOOD
CHANCE OF PERSUADING EGYPTIANS AT LEAST TO ((A) TONE DOWN
STILL MORE THEIR PROPAGANDA ATTACKS AND PERHAPS MUZZLE VOICE

OF PALESTINE BROADCASTS FROM CAIRO; (B) STOP URGING OTHER
GOVERNMENTS, E.G., SPAIN, NOT TO EXCHANGE DIPLOMATIC REP-
RESENTATIVES WITH ISRAEL; (C) TACITLY DROP ITS CAMPAIGN
LABELLING "ZIONISM AS A FORM OF RACISM."

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